

**EMPLOYEE BENEFIT PLANS ADMINISTRATION LIABILITY  
PROTECTION - CLAIMS-MADE**

This insuring agreement provides liability protection for your business for the administration of your employee benefit plans. There are, of course, limitations and exclusions that apply to this protection. As a result, you should read this agreement carefully to determine the extent of coverage provided to all protected persons.

**Important note.** This is a claims-made insuring agreement. Claims or suits must be reported during the policy period, or a reporting period if one applies, to be covered. Please read this agreement carefully, especially the What This Agreement Covers, When This Agreement Covers, and Limits of Coverage sections.

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- Explaining or interpreting an employee benefit plan.
- Calculating or communicating benefits and costs for an employee benefit plan.
- Enrolling participants, or terminating participation, in an employee benefit plan.
- Estimating or projecting future employee benefit plan values.
- Handling or processing of employee benefit plan records.

*Employee benefit plans* means only the following employee benefit plans:

- Educational tuition reimbursement plans.
- Employee stock subscription plans.
- Group plans for life, health, dental, disability, automobile, homeowners, or legal expense insurance.
- Individual Retirement Account (IRA) plans.
- Pension and profit sharing plans.
- Salary Reduction plans under Internal Revenue Code 401(k), including any amendments.
- Savings plans.
- Social security system benefits.
- Travel and vacation plans.
- Workers Compensation and unemployment insurance benefits.

*Wrongful act* means any negligent act, error, or omission.

**Right and duty to defend.** We'll have the right and duty to defend any protected person against a claim or suit for loss covered by this agreement. We'll have such right and duty even if any of the allegations of such claim or suit is groundless, false, or fraudulent. But we won't have a duty to perform any other act or service.

We'll have the right to investigate any claim, suit, or wrongful act to the extent that we believe is proper. We'll also have the right to settle any claim or suit within:

- any applicable deductible; or
- the available limits of coverage.

Our duty to defend protected persons ends when we have used up the limits of coverage that apply with the payment of judgments or settlements.

*Claim* means a demand which seeks damages.

*Suit* means a civil proceeding which seeks damages. It includes:

- an arbitration proceeding for such damages to which the protected person must submit, or submits with our consent; and
- any other alternative dispute resolution proceeding for such damages to which the protected person submits with our consent.

**Additional payments.** We'll have the duty to make only the additional payments shown below in connection with any claim or suit under this agreement against a protected person when we:

- investigate or settle the claim or suit; or
- defend the protected person against the claim or suit.

These payments are in addition to the limits of coverage.

Our duty to make additional payments ends when we have used up the limits of coverage that apply with the payment of judgments or settlements.

*Our expenses.* We'll pay all expenses we incur.

*Bonds to release property.* We'll pay the cost of bonds to release property that's being used to secure a legal obligation. But only for bond amounts within the limit of coverage that applies. We don't have to furnish such bonds.

*Expenses incurred by protected persons.* We'll pay all reasonable expenses that any protected person incurs at our request while helping us investigate or settle, or defend a protected person against, a claim or suit. But we won't pay more than \$250 per day for earnings actually lost by the protected person because of time taken off from work.

*Taxed costs.* We'll pay all costs taxed against any protected person in a suit.

*Prejudgment interest.* We'll pay the interest that accumulates before a judgment and is awarded against the protected person on that part of a judgment we pay. But if we make a settlement offer to pay the available limit of coverage, we won't pay the prejudgment interest that accumulates after the date of our offer.

*Postjudgment interest.* We'll pay all interest that accumulates on the full amount

of that part of a judgment for which we make a payment. But only from the date of the judgment to the date we pay, or deposit in court, the limit of coverage that applies to the judgment.

**Right to appeal a judgment.** We'll have the right to appeal a judgment awarded in a suit for loss covered by this agreement if:

- we defend a protected person against the suit; and
- the judgment is awarded against that protected person.

If we appeal such a judgment, we'll pay all expenses which result directly from that appeal, including postjudgment interest and the cost of appeal bonds. Such appeal expenses are in addition to the limits of coverage. However, the results of an appeal won't change the limits of coverage that apply under this agreement.

#### **When This Agreement Covers**

**During this agreement or the limited reporting period.** We'll apply this agreement to claims or suits for covered loss only when they're first made or brought:

- while this agreement is in effect; or
- during the limited reporting period if it applies.

*Limited reporting period* means the 60 days, starting with the ending date of this agreement, during which claims or suits for covered loss caused by wrongful acts committed before the ending date of this agreement may be first made or brought.

**When we consider a claim or suit to be first made or brought.** We'll consider a claim or suit for covered loss to be first made or brought on the earliest of the following dates:

- The date that we or any protected person first receives written notice of such claim or suit.
- The date that we first receive a notice of a wrongful act from any protected person.

However, we won't accept such a notice unless it also describes what loss may result from the wrongful act.

We'll also consider all claims and suits for covered loss caused by a wrongful act, or a series of related wrongful acts, to have been made or brought on the date that the

first of those claims or suits is first made or brought.

*Series of related wrongful acts* means two or more wrongful acts, including repeated or continuous wrongful acts, that are related to the same loss.

#### **When the limited reporting period will apply.**

The limited reporting period will automatically apply without an additional premium if this agreement is canceled or not renewed for any reason. It may not be canceled once it applies.

However, the limited reporting period won't apply to claims or suits if other insurance you buy:

- applies to them; or
- would have applied to them but won't because its limits of coverage have been used up.

**How the limited reporting period applies.** The limited reporting period doesn't extend the time that this agreement is in effect. As a result, we'll consider any claim or suit for covered loss that is first made or brought during the limited reporting period to have been made on the ending date of this agreement.

**When and how an extended reporting period can be added.** If this agreement is canceled or not renewed for any reason, an extended reporting period with an unlimited time can be added with an Extended Reporting Period Endorsement and the payment of an additional premium.

However, we won't issue an extended reporting period endorsement unless we receive a written request for it from the first named insured shown in the Introduction within 60 days after the ending date of this agreement.

In addition, the endorsement won't take effect unless:

- your premium for this agreement is paid in full; and
- the additional premium for the extended reporting period is paid when due.

But once the endorsement takes effect, it may not be canceled by you or us.

*Extended reporting period* means an unlimited time, starting with the ending date of this agreement, during which claims or

suits for covered loss caused by wrongful acts committed before the ending date of this agreement may be first made or brought.

**How the extended reporting period applies.** The extended reporting period replaces the limited reporting period. Also, it doesn't extend the time that this agreement is in effect. As a result, we'll consider any claim or suit first made or brought during the extended reporting period to have been made or brought on the ending date of this agreement.

In addition, the extended reporting period will cause us to apply this agreement as excess insurance over certain other insurance. We explain when and how we'll do so in the Other Insurance section.

**How we'll figure the additional premium for the extended reporting period.** We'll figure the additional premium for the extended reporting period in accordance with our rules and rates. But we won't charge more than 200% of the annual premium for the last policy year of this agreement. The extended reporting period endorsement premium is shown in the Coverage Summary.

We explain what we mean by policy year in the Total limit section.

#### **Where This Agreement Covers**

We'll apply, and make payments under, this agreement:

- only in the coverage territory; and
- only for covered loss that's caused by wrongful acts committed there.

However, we'll also apply, and make payments under, this agreement in the coverage territory for covered loss that's caused by wrongful acts committed in the rest of the world if the protected person's liability for such loss:

- is determined in a suit in the coverage territory; or
- is agreed to by us in a settlement.

**Coverage territory** means:

- the United States of America, including its territories and possessions;
- Puerto Rico;
- Canada; and

- international waters or airspace only during travel or transportation between any of the above places.

#### **Who Is Protected Under This Agreement**

**Individual.** If you are shown in the Introduction as a named insured and an individual, you and your spouse are protected persons only for the conduct of a business of which you are the sole owner.

**Partnership or joint venture.** If you are shown in the Introduction as a named insured and a partnership or a joint venture, you are a protected person. Your partners or co-venturers, and their spouses, are protected persons only for the conduct of your business.

**Limited liability company.** If you are shown in the Introduction as a named insured and a limited liability company, you are a protected person. Your members are protected persons only for the conduct of your business. And your managers are protected persons only for their duties as your managers.

**Corporation or other organization.** If you are shown in the Introduction as a named insured and a corporation or an other organization, you are a protected person. Your directors and executive officers are protected persons only for the conduct of their duties as your directors or executive officers. And your stockholders are protected persons only for their liability as your stockholders.

**Other organization** means an organization other than a corporation, partnership, joint venture, or limited liability company.

**Executive officer** means any person holding an officer position created by the charter, constitution, or by-laws, or any other similar governing document, of a corporation or other organization.

**Employees.** Your employees are protected persons only for:

- work done within the scope of their employment by you; or
- their performance of duties related to the conduct of your business.

But we won't apply this Employees section to your managers if you are a limited

liability company. Instead, we'll apply the Limited liability company section to them.

Also, we won't apply this Employees section to your executive officers if you are a corporation or an other organization. Instead, we'll apply the Corporation or other organization section to them.

*Employee* includes a leased worker, other than a leased temporary worker.

*Leased worker* means any person who:

- is hired from an employee leasing firm under a contract or agreement between the hirer and that firm; and
- is performing duties related to the conduct of the hirer's business.

*Employee leasing firm* means any person or organization who hires out workers to others. It includes any:

- employment agency, contractor, or service;
- labor leasing firm; or
- temporary help service.

*Leased temporary worker* means a leased worker who is hired to:

- temporarily take the place of a permanent employee on leave; or
- meet seasonal or short-term workload conditions.

**Newly acquired or formed organizations.** Any organization, other than a partnership, joint venture, or limited liability company, that you acquire or form while this agreement is in effect is a protected person if you own more than 50% of it.

However, no newly acquired or formed organization is a protected person for:

- more than 90 days, or the remainder of the time this agreement is in effect, whichever is less, from the date that you acquire or form it, unless we agree that it should continue to be a protected person after the end of that period of time; or
- loss that's covered under other similar insurance.

**Separation of protected persons.** We'll apply this agreement separately to each protected person.

However, the limits of coverage shown in the Coverage Summary are shared by all

protected persons. We explain how in the Limits Of Coverage section.

Also, any right or duty specifically assigned to the first named insured remains unchanged. We explain those rights and duties in the General Rules, which is a part of your policy.

### **Limits Of Coverage**

The limits shown in the Coverage Summary and the information contained in this section fix the most we'll pay as damages, regardless of the number of:

- protected persons;
- claims made or suits brought; or
- persons or organizations making claims or bringing suits.

**Each wrongful act limit.** This is the most we'll pay for all covered loss that is caused by any one wrongful act or series of related wrongful acts.

**Total limit.** This is the most we'll pay for the combined total of all claims and suits for covered loss that are first made or brought in a policy year.

**Policy year** means the policy period shown in the Introduction, or the period of time this agreement is in effect, whichever is less. But when that period is longer than one year, it means each consecutive annual period, and the remaining period if any, that this agreement is in effect, starting with the beginning date of this agreement.

**How the limits of coverage apply to an extension of the policy period.** If the original policy period shown in the Introduction is extended for less than 12 months, we'll consider each extended period to be part of the last policy year. For example:

*Your policy period is for one year. During that policy year you request a three month extension. We agree. As a result, your last policy year becomes 15 months. It will be subject to the same limits of coverage that applied when the policy year was 12 months.*

**How the limits of coverage apply to the limited and extended reporting periods.** The limits of coverage that apply on the ending date of this agreement aren't renewed or increased



for claims or suits first made or brought during the limited reporting period.

However, if the extended reporting period is added, the Total limit is renewed in full.

**How the limits of coverage apply if the total limit is left blank.** If the amount of the Total limit is left blank in the Coverage Summary, we'll consider that total limit to be three times the Each wrongful act limit.

### **Deductible**

The deductible shown in the Coverage Summary and the information contained in this section fix the amount of damages over which the limits of coverage will apply, regardless of the number of:

- protected persons;
- claims made or suits brought; or
- persons or organizations making claims or bringing suits.

**Each wrongful act deductible.** You'll be responsible for the amount of damages within this deductible for all covered loss that's caused by each wrongful act or series or related wrongful acts.

If we settle a claim or suit that's subject to this deductible, we'll pay the deductible as part of the settlement. You agree to repay us as soon as we notify you of the settlement.

### **Exclusions-What This Agreement Won't Cover**

**Bodily injury.** We won't cover bodily injury.

*Bodily injury* means any physical harm, including sickness or disease, to the physical health of other persons. It includes any of the following that results at any time from such physical harm, sickness, or disease:

- Mental anguish, injury, or illness.
- Emotional distress.
- Care, loss of services, or death.

**Contract liability.** We won't cover loss for which the protected person has assumed liability under any contract or agreement.

But we won't apply this exclusion to loss for which the protected person would have liability without the contract or agreement.

**Dishonest acts.** We won't cover claims that result from dishonest, intentionally fraudulent, criminal, or malicious acts or omissions of any protected person or of anyone for whose acts the protected person is legally responsible.

But this exclusion doesn't apply to any protected person who didn't:

- personally participate in committing any such act or omission; or
- remain passive after having personal knowledge of any such act or omission.

**Employment-related practices.** We won't cover loss that is sustained by a person and results from any:

- refusal to employ that person;
- termination of that person's employment; or
- other employment-related act, omission, policy, or practice, such as coercion, defamation, demotion, discipline, discrimination, evaluation, harassment, humiliation, or reassignment, directed at that person.

Nor will we cover loss sustained by the spouse or any child, parent, brother, or sister of that person if such loss results from the loss sustained by that person.

We'll apply this exclusion whether the protected person may be held liable as an employer or in any other capacity.

We'll also apply this exclusion to any obligation of the protected person to share damages with or to repay someone else who must pay damages because of such loss.

**Failure to comply with law.** We won't cover loss that results from any intentional violation of any:

- workers compensation law;
- unemployment insurance law;
- social security law;
- disability benefits law; or
- administrative interpretation of such laws.

**Failure to pay benefits.** We won't cover loss that results from any failure to pay benefits because:

- there are not sufficient funds; or
- an insurance company fails to comply with the terms of its policy.

**Fines or penalties.** We won't cover any fine or penalty assessed against any protected person.

**Investment of funds.** We won't cover loss that results from any investment or non-investment of any employee benefit plan funds.

**Investment performance.** We won't cover loss that results from any failure of an investment to perform as a protected person expected, intended, or said it would.

**Known wrongful acts.** We won't cover loss that results from any wrongful act that the protected person:

- knew about before this agreement went into effect; and
- could reasonably foresee would result in a claim or suit being made or brought while this agreement is in effect.

**Participation, investment, or legal advice.** We won't cover loss that results from the providing of or failure to provide any of the following advice to any employee or his or her dependent or beneficiary:

- Advice to participate or not to participate in an optional employee benefit plan.
- Investment advice.
- Legal advice.

**Personal injury.** We won't cover loss that results from personal injury.

*Personal injury* means injury that's caused by a personal injury offense.

*Personal injury offense* means any of the following offenses:

- False arrest, detention, or imprisonment.
- Malicious prosecution.
- Wrongful entry into, or wrongful eviction from, a room, dwelling, or premises that an individual occupies.
- Invasion of the right of private occupancy of a room, dwelling, or premises that an individual occupies.
- Libel or slander.
- Making known to any person or organization written or spoken material that disparages the products, work, or completed work of others.
- Making known to any person or organization written or spoken material

that violates an individual's right of privacy.

**Property damage.** We won't cover loss that results from property damage.

*Property damage* means:

- physical damage to tangible property of others, including all resulting loss of use of that property; or
- loss of use of tangible property of others that isn't physically damaged.

**Termination of plan.** We won't cover loss that results from the termination of any employee benefit plan.

**Unnamed partnership, joint venture, or limited liability company.** We won't cover loss that results from the conduct of any current or past partnership, joint venture, or limited liability company that's not shown in the Introduction as a named insured.

#### Other Insurance

This agreement is primary insurance. If there is any other valid and collectible insurance available to you for loss covered by this agreement, the following applies in connection with that insurance.

**Other primary insurance.** When there is other primary insurance available to you, we'll pay that portion of the damages which:

- exceeds the deductible; and
- equals our percentage of the total of all limits of coverage that apply.

But we won't pay more than the limit of coverage that applies under this agreement. For example:

*The limit of coverage under this agreement is \$100,000. Another insurance policy with a limit of \$25,000 also applies to loss covered by this agreement. We won't pay more than 80% (\$100,000/\$125,000) of a loss, less any deductible.*

However, we'll apply this agreement as excess insurance over the part or parts of any other insurance which provide coverage for claims or suits for loss that:

- is covered by this agreement; and
- is caused by a wrongful act committed before the beginning date of this agreement.

Also, if the extended reporting period applies, we'll apply this agreement as excess insurance over the part or parts of any other insurance which:

- are in effect during the extended reporting period; and
- provide coverage for claims or suits for loss covered by this agreement that are first made or brought during the extended reporting period.

We explain how we'll apply this agreement as excess insurance in the Excess insurance section.

**Excess insurance.** When this agreement is excess insurance, we won't have a duty to defend the protected person against the part or parts of any claim or suit for which any

other insurer has the duty to defend the protected person.

However, we'll defend the protected person against a claim or suit for injury or damage covered by this agreement if no other insurer will do so. In return we'll require that we be given all of the protected person's rights against each such insurer.

Also, we'll pay only the amount of damages that's in excess of:

- the total amount that all such other insurance would pay if this agreement didn't exist; and
- the total of all deductible and self-insured amounts under all such other insurance.

But we won't pay more than the limits of coverage that apply under this agreement.



**EMPLOYMENT-RELATED PRACTICES EXCLUSION ENDORSEMENT -  
EMPLOYEE BENEFIT PLANS ADMINISTRATION LIABILITY**

This endorsement changes your Employee  
Benefit Plans Administration Liability  
Protection - Claims-Made.

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**How Coverage Is Changed**

The following replaces the Employment-  
related practices exclusion. This change  
excludes coverage.

**Employment-related practices.** We won't cover  
loss to any person that results from any:

- refusal to employ that person;
- termination of that person's employment;  
or
- other employment-related policy or  
practice committed upon or applied to that  
person, such as coercion, libel or slander,  
demotion, discipline, discrimination,  
evaluation, harassment, humiliation, or  
reassignment of or against that person, or  
violation of that person's right of privacy.

Nor will we cover loss to the spouse or any  
child, parent, brother, or sister of that  
person that results from such loss to that  
person.

We'll also apply this exclusion to any  
obligation of the protected person to share  
damages with or to repay someone else  
who must pay damages for:

- such loss to that person; or
- loss to the spouse or any child, parent,  
brother, or sister of that person that  
results from such loss to that person.

**Other Terms**

All other terms of your policy remain the  
same.



**AUTO COVERAGE SUMMARY**

This Coverage Summary shows the limits of coverage that apply to your Commercial Auto Protection. A blank section or space indicates no coverage.

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**Auto Liability Protection****Covered Autos:**

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Any auto        | <input type="checkbox"/> Owned Commercial autos | <input type="checkbox"/> Owned Private Passenger autos |
| <input type="checkbox"/> Scheduled autos | <input checked="" type="checkbox"/> Hired autos | <input checked="" type="checkbox"/> Non owned autos    |
| <input type="checkbox"/> Other:          |   |  |

**Limit of Coverage:**

\$1,000,000 each accident

Other:

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**Auto Medical Payments Protection****Covered Autos:**

- |  |   |  |
|--|---|--|
| <input type="checkbox"/> Any auto        | <input type="checkbox"/> Owned Commercial autos | <input type="checkbox"/> Owned Private Passenger autos |
| <input type="checkbox"/> Scheduled autos |   |  |
| <input type="checkbox"/> Other:          |   |  |

**Limits of Coverage:** *(Refer to the Auto Schedule)*

Other:

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<b>Name of Insured</b>	<b>Policy Number</b> ZLP-11R18933-12-I4	<b>Effective Date</b> 09/11/12
VENDINI, INC.		<b>Processing Date</b> 09/07/12 10:12 001

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Coverage Summary

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**Auto Physical Damage Protection**

**Covered Autos:**

- ☐ Scheduled autos                      ☐ Owned Private Passenger autos  
☐ Owned Commercial autos           ☒ Hired autos  
☐ Other:

**Limits of Coverage:**

*(Refer to the Auto Schedule)*

**Other:**

**HIRED CAR PHYSICAL DAMAGE:**

LIMIT:	\$50,000
COMPREHENSIVE DEDUCTIBLE:	\$250
COLLISION DEDUCTIBLE:	\$500

**AUTO COVERAGE SUMMARY - CONTINUED**

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**Auto No Fault Protection**

**Covered Autos:** ☐ Owned Autos that are subject to State No-Fault Laws

**Limits of Coverage:** See your Agreement and any Optional Coverage Summary.

**Other:**

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**Other Coverage**

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**Auto Uninsured Motorists Protection**

**Autos Covered:**

NONE

**Uninsured Limits of Coverage:**

**Underinsured Limits of Coverage:**

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**Name of Insured**  
VENDINI, INC.

**Policy Number** ZLP-11R18933-12-I4

**Effective Date** 09/11/12

**Processing Date** 09/07/12 10:12 001

**Uninsured Limits of Coverage:**

**Underinsured Limits of Coverage:**



**LIABILITY PROTECTION FOR AUTOS YOU DON'T OWN**

We've designed this agreement to protect against two kinds of liability claims:

- Claims resulting from bodily injury to others.
- Claims resulting from damage to property of others.

This agreement is excess insurance and covers claims after any other insurance that applies to the claim has been used up. Of course there are some limitations which are explained later in this agreement.

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Right and duty to defend.	2	• is caused by an accident that happens while this agreement is in effect.
Additional payments.	2	
Right to appeal.	3	<b>Pollution cost or expense.</b> We'll pay amounts any protected person is legally required to pay as covered pollution cost or expense only if it results from an accident which also causes bodily injury or property damage covered by this agreement.
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<b>Where This Agreement Covers</b>	<b>4</b>	<i>Protected person</i> means any person or organization who qualifies as a protected person under the Who Is Protected Under This Agreement section.
<b>Who Is Protected Under This Agreement</b>	<b>4</b>	
Individual.	4	
Partnership or joint venture.	4	<i>Bodily injury</i> means any physical harm, including sickness or disease, to the physical health of other persons. It includes any of the following that results at any time from such physical harm, sickness or disease:
Corporation or other organization.	4	• Mental anguish, injury or illness.
Any permitted user.	4	• Emotional distress.
Anyone legally responsible for the actions of a protected person.	4	• Care, loss of services, or death.
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<b>Limit Of Coverage</b>	<b>4</b>	
<b>Exclusions - What This Agreement Won't Cover</b>	<b>5</b>	<i>Property damage</i> means:
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Control of property.	5	• loss of use of tangible property of others that isn't physically damaged.
Employer's liability.	5	
Injury to a fellow employee.	6	We'll consider all loss of use of tangible property to happen at the time of the accident which caused it.
Intentional or expected bodily injury or property damage.	6	
Nuclear energy liability.	6	<i>Accident</i> includes continuous or repeated exposure to the same conditions.
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Specialized equipment.	8	<i>Covered auto</i> means the type or types of autos shown in the Coverage Summary and described in the Which Autos Are Covered section.
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Insurance provided by another insurer.	8	
Insurance provided under another policy with us or any of our member insurance companies.	8	<i>Auto</i> means any land motor vehicle, trailer or semi-trailer designed for travel on public streets or roads. It includes:
		• any permanently attached machinery or equipment; and
<b>What This Agreement Covers</b>		
<b>Bodily injury and property damage liability.</b> We'll pay amounts any protected person is legally		

- any mobile equipment only while it's being carried or towed by a covered auto.

*Mobile equipment* means any land vehicle that:

- is designed for use primarily off public streets or roads;
- is kept for use only on or next to premises you own, rent or lease;
- travels on crawler treads;
- is kept primarily for the ready movement of permanently attached construction equipment; or
- doesn't travel under its own power and is kept primarily for the ready movement of permanently attached specialized equipment.

Mobile equipment includes any land vehicle not described above that's kept primarily for purposes other than carrying people or cargo. But we won't consider such a vehicle to be mobile equipment if it:

- travels under its own power;
- is operated like an auto during travel on a public street or road; and
- has permanently attached specialized equipment; or
- has permanently attached equipment designed for snow removal, street cleaning, or street or road maintenance - but not construction or resurfacing.

*Construction equipment* includes any grader, scraper, roller and power crane, shovel, loader, digger, or drill.

*Specialized equipment* means any:

- cherry picker or similar device used to lift workers;
- pump, generator or air compressor; or
- other equipment, such as building cleaning, geophysical exploration, lighting, spraying, welding or well-servicing equipment, that has a built-in pump, generator or air compressor.

*Loading* means moving property from the place where it's accepted for transportation by a protected person until it's placed in or on a covered auto.

*Unloading* means moving property from a covered auto to the place where it's finally delivered by a protected person.

However we won't consider moving property with a mechanical device, such as a forklift or conveyor, that's not attached to a covered auto to be loading or unloading. But

we won't consider a hand truck to be a mechanical device.

*Pollution cost or expense* means any cost or expense that results from:

- any request, demand or order that any protected person or others perform pollution work; or
- any claim or suit by or for any governmental authority demanding that any protected person or others perform pollution work.

*Pollution work* means:

- the testing for, monitoring, cleaning up, removing, containing, treating, detoxifying or neutralizing of any pollutant; or
- the responding to, or assessing, in any way the effects of any pollutant.

**Right and duty to defend.** We'll have the right and duty to defend:

- any claim or suit for covered bodily injury or property damage made or brought against any protected person; or
- any claim or suit for covered bodily injury or property damage made or brought against any protected person which also seeks covered pollution cost or expense.

We'll do so even if any of the allegations of any such claim or suit are groundless, false or fraudulent. But we have no duty to perform other acts or services. And our duty to defend claims or suits ends when we have used up the limit of coverage that applies with the payment of judgments, settlements, or pollution cost or expense.

We'll have the right to investigate any claim or suit to the extent that we believe is proper. We'll also have the right to settle any claim or suit within the available limits of coverage.

*Claim* means a demand which seeks damages.

*Suit* means a civil proceeding which seeks damages. It includes:

- an arbitration proceeding for such damages to which the protected person must submit or submits with our consent.
- any other alternative dispute resolution proceeding for such damages to which the protected person submits with our consent.

**Additional payments.** We'll have the duty to make only the payments shown below in connection with any claim or suit we defend. These payments are in addition to the limit of coverage. But our duty to make

such payments ends when we have used up the limit of coverage that applies with the payment of judgments, settlements, or pollution cost or expense.

**Our expenses.** We'll pay all expenses we incur.

**Bail bonds.** We'll pay up to \$250 of the cost of bail bonds that are required because of accidents or violations of traffic laws. But only if the accidents or violations result from the use of a vehicle to which the bodily injury liability coverage under this agreement applies. We don't have to furnish such bonds.

**Bonds to release property.** We'll pay the cost of bonds to release property that's being used to secure a legal obligation. But only for bond amounts within the limit of coverage that applies. We don't have to furnish such bonds.

**Expenses incurred by protected persons.** We'll pay all reasonable expenses that any protected person incurs at our request while helping us investigate or defend a claim or suit. But we won't pay more than \$250 per day for earnings actually lost by the protected person because of time taken off from work.

**Taxed costs.** We'll pay all costs taxed against any protected person in a suit.

**Pre-judgment interest.** We'll pay the pre-judgment interest that's awarded against the protected person on that part of a judgment paid by us. But if we make a settlement offer to pay the available limit of coverage, we won't pay the pre-judgment interest that accumulates after the date of our offer.

**Post-judgment interest.** We'll pay all interest that accumulates on the full amount of that part of a judgment for which we make a payment. But only from the date of the judgment to the date we:

- pay;
- offer to pay; or
- deposit in court;
- the limit of coverage that applies to the judgment.

**Right to appeal.** We'll have the right to appeal a judgment for covered bodily injury, property damage, or pollution costs or expense in any suit we defend.

If we appeal such a judgment, we'll pay all expenses which result directly from that appeal, including the cost of appeal bonds and post-judgment interest. Such appeal

expenses are in addition to the limit of coverage. However, the results of an appeal won't change the limit of coverage that applies under this agreement.

**Out of state coverage.** While a covered auto is away from the jurisdiction where it is licensed we will do the following:

- Increase the limit of coverage to meet the limits specified by a compulsory or financial responsibility law of the jurisdiction where the covered auto is being used if your limit of coverage is less than the minimum limit required by such law. But this increase does not apply to the limit or limits specified by any law or regulation governing motor carriers of passengers or property.
- Provide the minimum amounts and types of other coverages, such as no-fault, required of out of state vehicles by the jurisdiction where the covered auto is being used. But we won't pay more than once for the same damages which are covered because of this extension of coverage.

#### Which Autos Are Covered

The Coverage Summary shows and the information in this section describes the type or types of autos which are covered autos.

**Hired autos** means any auto that you hire, rent, lease or borrow from others, other than your employees or members of their households. We'll consider any auto that you lease for a period of 6 months or more to be an auto that you own.

**Nonowned autos** means any auto that:

- you don't own, hire, rent, lease or borrow; and
- is used in the conduct of your business.

It includes autos owned by your employees or partners or members of their households. But only while such autos are being used in the conduct of your business.

#### When This Agreement Covers

We'll apply this agreement to claims or suits for covered bodily injury, property damage or pollution cost or expense whenever they're made or brought.

**Where This Agreement Covers**

We'll defend claims and suits, and pay judgments, settlements and pollution cost or expense, only in the coverage territory for covered bodily injury, property damage or pollution cost or expense that's caused by accidents which happen there.

*Coverage territory* means the United States of America, its territories and possessions, Puerto Rico and Canada. It includes international waters or airspace while a covered auto is being transported between any of the above places.

**Who Is Protected Under This Agreement**

**Individual.** If you are named in the Introduction as an individual, you and your spouse are protected persons for the use of a covered auto.

**Partnership or joint venture.** If you are named in the Introduction as a partnership or joint venture, you are a protected person for the use of a covered auto. Also, your partners or co-venturers and their spouses are protected persons. But only for the use of a covered auto.

However, no person or organization is a protected person for the conduct of any current or past partnership or joint venture that's not named in the Introduction.

**Corporation or other organization.** If you are named in the Introduction as a corporation or other organization, you are a protected person for the use of a covered auto. Also, your executive officers and directors are protected persons. But only for the use of a covered auto. Also, your stockholders are protected persons, but only for their liability as your stockholders.

**Any permitted user.** Any person or organization to whom you've given permission to use a covered auto you rent, lease, hire or borrow is a protected person.

However, we won't consider the following to be a protected person:

- The owner or anyone else from whom you rent, lease, hire or borrow a covered auto unless that auto is a trailer that's connected to a covered auto you own.
- An employee of yours or a member of an employee's household if the covered auto is owned by that employee or member of that employee's household.
- Anyone using a covered auto while working in the business of selling,

servicing, repairing, storing or parking autos, unless the business is yours.

- Anyone other than your employees, partners, lessee or borrower or any of their employees while loading or unloading a covered auto.

**Anyone legally responsible for the actions of a protected person.** Any person or organization who is legally responsible for the actions of a protected person described above is also a protected person for the use of a covered auto. For example:

*An employee who works for another company borrows a covered auto from you. That person causes an accident which results in covered bodily injury and property damage. We'll consider you, that employee, and the other company that employs the other person to be protected persons.*

But we won't consider the owner or anyone else from whom you rent, lease, hire or borrow a covered auto to be a protected person unless it's a trailer that's connected to a covered auto you own.

**Separation of protected persons.** We'll apply this agreement:

- to each protected person named in the Introduction as if that protected person was the only one named there; and
- separately to each other protected person.

However, the limit of coverage shown in the Coverage Summary is shared by all protected persons. We explain how in the Limits Of Coverage section. Also, any right or duty specifically assigned to the first Named Insured remains unchanged. We explain those rights and duties in the General Rules, which is a part of your policy.

**Limit Of Coverage**

The Coverage Summary shows the limit of coverage that applies to this agreement.

The Each accident limit is the most we'll pay for the combined total of all covered bodily injury, property damage and pollution cost or expense that results from any one accident. This limit applies regardless of the premiums paid or number of:

- protected persons;
- premiums paid;
- claims made or suits brought;
- covered autos;

- vehicles involved in the accident; or
- persons or organizations making claims or bringing suits.

We consider all covered bodily injury, property damage and pollution cost or expense that results from continuous or repeated exposure to substantially the same conditions to be the result of one accident.

#### **Exclusions - What This Agreement Won't Cover**

**Contract liability.** We won't cover the protected person's liability for bodily injury or property damage assumed under any contract or agreement.

However, we won't apply this exclusion to liability for bodily injury or property damage the protected person would have without the contract or agreement. Nor will we apply this exclusion to the protected person's liability for bodily injury or property damage assumed under a covered contract made before the bodily injury or property damage happens.

**Covered contract** means any:

- lease of premises;
- sidetrack agreement;
- easement or license agreement;
- obligation to indemnify a municipality if the obligation is required by ordinance and isn't connected with work for the municipality;
- contract or agreement under which you assume the tort liability of a municipality to pay damages for covered bodily injury or property damage that is sustained by others and results from work for the municipality;
- other contract or agreement under which you assume the tort liability of another to pay damages for covered bodily injury or property damage that's sustained by others; or
- contract or agreement which you or any of your employees enter into for the rental or lease of any auto.

**Tort liability** means a liability that would be imposed by law without any contract or agreement.

But we won't consider the following parts of any contract or agreement to be a covered contract:

**Auto with driver.** That part which has to do with the rental, lease or loan of an auto to

you or any of your employees if the auto is rented, leased or loaned with a driver.

**Use of a motor carrier's permit.** That part which indemnifies any person or organization in the business of transporting people or property by an auto for hire for your use of a covered auto over a route or in a territory the person or organization is authorized by a public authority to use or serve.

**Damage to rented or leased auto.** That part which obligates you or any of your employees to pay for property damage to any auto rented or leased by you or any of your employees.

**War.** That part which indemnifies any person or organization for bodily injury or property damage caused by:

- declared or undeclared war, or invasion;
- warlike action by a military force or other agents of any government, sovereign or other authority;
- civil war, insurrection, rebellion, revolution or seizure of power; or
- anything done to hinder or defend against these actions.

**Control of property.** We won't cover property damage to property owned by, transported by or in the care, custody or control of a protected person.

But we won't apply this exclusion to liability for property damage assumed under a sidetrack agreement.

**Employer's liability.** We won't cover bodily injury to an employee arising out of his or her employment by a protected person. Nor will we cover bodily injury to the spouse, child, parent, brother, or sister of that employee which results from the bodily injury to the employee.

We'll apply this exclusion whether the protected person may be held liable as an employer or in any other capacity.

We'll also apply this exclusion to any obligation of the protected person to share damages with or repay someone else who must pay damages because of bodily injury to any employee of the protected person.

But we won't apply this exclusion to:

- bodily injury to domestic employees not entitled to workers compensation benefits; or
- liability for bodily injury assumed under a covered contract.



We explain what we mean by covered contract in the Contract liability exclusion.

**Injury to a fellow employee.** We won't cover bodily injury to a fellow employee of any protected person arising out of and in the course of the fellow employee's employment by you.

**Intentional or expected bodily injury or property damage.** We won't cover bodily injury or property damage that's expected or intended by the protected person.

**Nuclear energy liability.** We won't cover bodily injury or property damage for which any protected person:

- is covered by a nuclear energy liability insurance policy; or
- would have been covered by such policy if that policy's limits of coverage hadn't been used up.

Nor will we cover bodily injury or property damage that results from the hazardous properties of nuclear material and for which:

- any person or organization is required by law to maintain financial protection in accordance with the federal Atomic Energy Act, or any of its amendments; or
- any protected person is entitled, or would have been entitled had this agreement not been issued, to indemnity from the United States government, or any of its agencies, under any contract or agreement between the government, or any of its agencies, and any person or organization.

And we won't cover bodily injury or property damage that results from the hazardous properties of nuclear material when:

- the nuclear material is located at, or at any time discharges or disperses from, any nuclear facility owned by any protected person, or operated by or for any protected person;
- the nuclear material is contained in spent nuclear fuel or nuclear waste that is at any time possessed, handled, used, processed, stored, transported or disposed by or for any protected person; or
- the bodily injury or property damage results from the furnishing by any protected person of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility. But we'll apply this exclusion part only to property damage to the nuclear facility, and any property located on the site of that facility, if the nuclear facility is in the United States of America, its

territories or possessions, Puerto Rico, or Canada.

**Nuclear energy liability insurance policy** means any nuclear energy liability insurance policy issued by:

- Nuclear Energy Liability Insurance Association;
- Mutual Atomic Energy Liability Underwriters;
- Nuclear Insurance Association of Canada; or
- any of their successors.

**Property damage** includes all forms of radioactive contamination of property.

**Hazardous properties** include radioactive, toxic or explosive properties.

**Nuclear material** means any of the following materials which are defined in the federal Atomic Energy Act, or any of its amendments:

- Source material.
- Special nuclear material.
- By-product material.

**Nuclear facility** means any:

- nuclear reactor;
- uranium isotopes separation device or equipment;
- special nuclear material device or equipment; or
- nuclear waste site.

**Nuclear facility** includes:

- the site on which it's located;
- all operations conducted on such site; and
- all premises used for such operations.

**Nuclear reactor** means any device, equipment or machine that's designed or used to:

- sustain nuclear fission in a self-supporting chain reaction; or
- contain a critical mass of fissionable material.

**Uranium isotopes separation device or equipment** means any device or equipment designed or used for:

- separating the isotopes of uranium or plutonium;
- processing or utilizing spent nuclear fuel; or
- handling, processing or packaging nuclear waste.



*Special nuclear material device or equipment* means any device or equipment used for the processing, fabricating or alloying of special nuclear material if the total amount of such material:

- is more than 25 grams of plutonium or uranium 233, or any combination of the two, or 250 grams of uranium 235; and
- is at any time in the custody of any protected person at the premises where the device or equipment is located.

*Nuclear waste site* means any structure, basin, excavation, premises or place prepared or used for the storage or disposal of nuclear waste.

*Nuclear waste* means any waste material that:

- contains by-product material; and
- results from the operation of any nuclear reactor or uranium isotopes separation device or equipment by any person or organization.

But we won't consider nuclear waste to include tailings or wastes that result from the extraction or concentration of uranium or thorium from any ore processed primarily for its source material content.

*Spent nuclear fuel* means any solid or liquid fuel element or component that has been exposed to radiation or used in a nuclear reactor.

**Pollution.** We won't cover bodily injury or property damage that results from pollution involving any pollutant, or any pollutant contained in any property, that's:

- being transported or towed by a covered auto;
- being loaded onto or unloaded from a covered auto;
- otherwise in the course of transit by or for any protected person; or
- being stored, disposed of, treated or processed in or on a covered auto.

For example:

*A covered auto carrying a cargo of chemicals skids off of a road and overturns. Several of the containers of chemicals are damaged during the accident and their contents leak out. Fumes from the spilled chemicals injure a motorist who stopped to help the truck driver. And a fire begins in a pool formed by the spilled chemicals and spreads to a nearby building, damaging its exterior. We won't cover any such bodily injury or property damage.*

However, we won't apply this exclusion to bodily injury or property damage that results from pollution caused by fuels, lubricants, fluids, exhaust gases or similar pollutants that:

- are needed for or result from the normal electrical, hydraulic or mechanical functioning of a covered auto, other than the operation of specialized equipment; and
- escape, seep or migrate, or are discharged, dispersed or released, directly from a part of the covered auto designed by it's manufacturer to hold, store, receive or dispose of such pollutants.

For example:

*One of your covered autos is a truck with a hydraulic system that leaks. We won't apply this exclusion to the bodily injury or property damage that may result from such pollution.*

Another example:

*One of your covered autos is a tow truck. It is involved in an accident with another vehicle. Your tow truck's gas tank is ruptured and leaks. We won't apply this exclusion to the bodily injury or property damage that may result from such pollution.*

Another example:

*While being pulled by a covered auto, your compressor leaks gas. We won't apply this exclusion to the bodily injury or property damage that may result from such pollution. However, if the gas leakage occurred during the operation of the compressor, the resulting damage would not be covered because it results from the operation of specialized equipment.*

Nor will we apply this exclusion to bodily injury or property damage that results from pollution from property of others which:

- isn't in your care, custody or control;
- isn't being transported or towed by or for you; and
- is damaged by an accident due to the ownership, maintenance or use of a covered auto.

For example:

*A covered auto skids off of a road and hits a fuel storage tank owned by others. Several hundred gallons of fuel leak out and then explode into flames. The fire*

*destroys a nearby building and injures two bystanders. We won't apply this exclusion to the bodily injury and property damage that results from such pollution.*

**Pollution** means the actual, alleged or threatened discharge, dispersal, seepage, migration, release or escape of any pollutant.

**Pollutant** means any solid, liquid, gaseous or thermal irritant or contaminant, including:

- smoke, vapors, soot, fumes;
- acids, alkalis, chemicals; and
- waste.

**Waste** includes materials to be recycled, reconditioned or reclaimed.

We explain what we mean by specialized equipment in the What This Agreement Covers section.

**Specialized equipment.** We won't cover bodily injury or property damage that results from the operation or use of any specialized equipment.

However, we won't apply this exclusion to bodily injury or property damage that results from specialized equipment while being carried or towed by a covered auto.

We explain what we mean by specialized equipment in the What This Agreement Covers section.

**Workers' compensation.** We won't cover any obligation that the protected person has under a workers' compensation, disability benefits or unemployment compensation law, or any similar law.

## **Other Insurance**

This agreement provides excess insurance for covered autos you don't own.

Excess insurance applies after other collectible insurance has been used up.

This agreement is primary insurance for liability for covered bodily injury or property damage assumed under a covered contract.

We explain what we mean by covered contract in the Contract liability exclusion.

**Insurance provided by another insurer.** When insurance provided by another insurer applies to covered bodily injury or property damage that results from an accident on the same primary or excess basis as this agreement, we'll pay only our share of your accident. We'll pay the same proportion of such damages or pollution cost or expense that our limit is to the total of all applicable policy limits. But we won't pay more than our limit.

**Insurance provided under another policy with us or any of our member insurance companies.** When this agreement and other insurance contained in a policy from us or another member insurance company of The St. Paul Group both apply to the same accident, the most we will pay is the highest limit of coverage that applies under any one policy. When the other insurance written by us or the member insurance company is intended to be excess over this agreement, this section does not apply.

## **AUTOS RENTED BY EMPLOYEES ENDORSEMENT**

This endorsement changes your Auto Liability Protection and your Auto Physical Damage Protection.

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### **How Coverage Is Changed**

There are two changes that are explained below. These changes broaden coverage.

1. The definition of hired autos in the Which Autos Are Covered section is changed as follows.

*Hired autos* means any auto that you hire, rent, lease, or borrow from others, other than your employees or members of their households. Hired autos includes any autos that any employee of yours hires, rents, leases, or borrows from others in that employee's name with your permission while performing duties related to the conduct of your business. We'll consider any auto that you lease for a period of 6 months or more to be an auto that you own. However any auto that has been rented, leased, hired, or borrowed with a driver is not a covered auto.

2. The following is added to the Who is Protected Under This Agreement section. This change applies to your Auto Liability Protection.

**Employees renting covered autos.** Any of your employees while operating a covered auto that has been rented, leased, hired, or borrowed from others in that employee's name with your permission while performing duties related to the conduct of your business.

### **Other Terms**

All other terms of your policy remain the same.



**MOBILE EQUIPMENT SUBJECT TO COMPULSORY OR FINANCIAL  
RESPONSIBILITY INSURANCE LAWS REDEFINED AS AUTOS  
ENDORSEMENT - LIABILITY PROTECTION FOR AUTOS YOU DON'T  
OWN**

This endorsement changes your Liability  
Protection For Autos You Don't Own.

**How Coverage Is Changed**

There are two changes that are explained below.

1. The following replaces the definitions of auto and mobile equipment, respectively, in the What This Agreement Covers section. This change broadens coverage.

*Auto* means:

- any land motor vehicle, trailer, or semitrailer that's designed for travel on public streets or roads and isn't mobile equipment;
- any land vehicle that's subject to any compulsory or financial responsibility law, or other motor vehicle insurance law, in the jurisdiction where it's registered or principally garaged; or
- any mobile equipment while it's being carried or towed by a covered auto.

We'll consider any equipment or machinery that's permanently attached to an auto to be part of the auto.

*Mobile equipment* means any land vehicle that:

- is designed for use primarily off public streets or roads;
- is kept for use only on or next to premises that you rent or lease from others, or own;
- travels on crawler treads;
- is kept primarily for the ready movement of permanently attached construction equipment;
- doesn't travel under its own power and is kept primarily for the ready movement of permanently attached specialized equipment; or
- is designed or kept primarily for other purposes, but not for carrying persons or cargo, and doesn't travel on crawler treads.

But we won't consider any land vehicle that's designed or kept primarily for such other purposes to be mobile equipment if it:

- travels under its own power;
- is operated like an auto during travel on a public street or road; and
- has permanently attached specialized equipment, equipment designed for snow removal or street cleaning, or equipment designed for street or road maintenance, but not construction or resurfacing.

Instead, we'll consider it to be an auto.

Nor will we consider a land vehicle that's subject to any compulsory or financial responsibility law, or other motor vehicle insurance law, in the jurisdiction where it's registered or principally garaged to be mobile equipment. Instead, we'll consider it to be an auto.

2. The following is added to the Exclusions - What This Agreement Won't Cover section. This change excludes coverage.

**Supplementary equipment.** We won't cover bodily injury or property damage that results from the operation or use of supplementary equipment attached to, or part of, any land vehicle that would have been mobile equipment if that vehicle weren't subject to any compulsory or financial responsibility law, or other motor vehicle insurance law, in the jurisdiction where it's registered or principally garaged.

*Supplementary equipment* means equipment or machinery designed for work, other than the transportation of any person or property on a public street or road.

But we won't consider supplementary equipment to include:

- any communication device, such as a radio or telephone; or
- any equipment or machinery that's designed to perform any function normal to the operation of the land vehicle during travel on public streets or roads, such as a steering mechanism.

**Other Terms**

All other terms of your policy remain the same.



## AUTO PHYSICAL DAMAGE PROTECTION

This insuring agreement provides physical damage protection for covered autos. There are, of course, limitations and exclusions which apply to that protection. As a result, this agreement should be read carefully to determine the extent of the coverage provided to you.

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		auto, we will pay for the loss under

Comprehensive coverage, rather than under Collision coverage.

**Specified causes of loss coverage.** When this coverage applies, we'll pay for loss to a covered auto that results from:

- fire, lightning or explosion;
- windstorm, hail, flood or earthquake;
- theft;
- vandalism, mischief; or
- the sinking, burning, derailment or collision of a vehicle used to transport a covered auto.

**Towing.** When this coverage applies, and one of your covered private passenger type autos is disabled, we'll pay for towing and costs of other labor performed at the scene of the disablement. However, the most we'll pay for these costs is the Towing limit shown in the Auto Schedule for that auto.

*Private passenger type autos* mean ordinary private passenger cars, station wagons, pickups, and vans.

**Transportation expenses.** If a private passenger type auto for which you have Specified causes of loss or Comprehensive coverage is stolen, we'll pay up to \$20 a day incurred by you for your transportation costs while the auto is missing. We'll pay these costs for a period beginning 48 hours after the theft and continuing until we pay you for the loss of the auto or it is returned to use, even if that doesn't happen until after this agreement ends. But the most we'll pay for transportation costs arising out of the theft of any one auto is \$600.

#### **Which Autos Are Covered**

The Coverage Summary shows, and the information in this section describes, the type or types of auto which are covered autos.

**Owned commercial autos** means any auto you own that is not of the private passenger type and it includes any trailer or semi-trailer while attached to that auto. It also includes:

- any newly acquired auto of the same type; or
- any replacement auto of the same type.

**Owned private passenger autos** means any auto you own that is of the private passenger type and it includes any trailer while attached to that auto. It also includes:

- any newly acquired auto of the same type; or
- any replacement auto of the same type.

**Scheduled autos** means any auto you own which is described in the Auto Schedule and replacement autos if you tell us within 30 days after you acquire such autos that you want us to cover them.

We'll also cover additional newly acquired autos, but only if:

- we cover all of your owned autos; and
- you tell us within 30 days after you acquire such autos that you want us to cover them.

**Hired autos** means any auto that you hire, rent, lease or borrow from others, other than your employees or members of their households. We'll consider any auto that you lease for a period of 6 months or more to be an auto that you own.

We'll pay for direct and accidental loss or damage to any rental autos and their equipment for which you've agreed to be responsible. However, we'll only pay for the kinds of loss or damage that you've agreed to be responsible for, including loss of use and other administrative expenses.

*Newly acquired autos* means any additional auto that you acquire while this agreement is in effect. We'll apply the same types of coverages and deductibles as you now have on similar type autos unless you tell us differently.

*Replacement autos* means any auto which replaces a covered auto. We'll apply the same types of coverage and deductibles as you now have on the auto that is being replaced unless you tell us differently.

#### **When This Agreement Covers**

We'll cover loss or damage that takes place while this agreement is in effect for covered autos.

**Where This Agreement Covers**

We'll cover loss or damage that takes place only in the coverage territory for covered autos.

*Coverage territory* means the United States of America, its territories and possessions, Puerto Rico and Canada. It includes international waters or airspace while a covered auto is being transported between any of the above places.

**What We'll Pay For A Loss**

We'll pay the smaller of the following amounts when you suffer a covered loss:

- The actual cash value (ACV) of the damaged or stolen property at the time of the loss.
- The stated amount shown in the Auto Schedule for the damaged or stolen property.
- The cost of repairing damaged property or replacing damaged or stolen property of the same kind or quality.

**How We'll Pay**

Once we've determined the amount of your loss, we'll choose one of the following ways to compensate you:

- We'll pay you in money.
- We'll repair damaged property or replace damaged or stolen property.
- We'll return stolen property to you, at our expense, and pay you for any damage to it that resulted from the theft. or
- We'll take all or part of the damaged or stolen property and pay you the agreed or appraised value for it.

**Who We'll Pay For Loss**

We'll adjust all covered losses with you. But if the Auto Schedule identifies a person or organization as also having an interest in a covered auto, we'll pay you and the person or organization named, based on the interest each has in the covered auto.

If we make a payment to such person or organization, we'll obtain their right to be repaid by anyone else.

**Deductibles**

The deductibles shown in the Coverage Summary or in the Auto Schedule under any of the coverages are the amounts that will be deducted from each loss to a covered auto. However, if a deductible amount is shown for Comprehensive coverage, it won't apply to a loss caused by fire or lightning.

We may pay all or part of your deductible to settle a claim. If we do, you agree to repay us as soon as we notify you of such payment.

**Exclusions - What This Agreement Won't Cover**

We won't cover any of the following losses except in the special circumstances described.

**Audio devices and radar detection equipment.**

We won't cover loss to any:

- tapes;
- records or discs;
- audio or visual equipment;
- data electronic devices;
- car phones; or
- any equipment that's designed or used for detecting or locating radar.

This exclusion also applies to any electronic equipment that receives or transmits audio, visual or data signals and is not designed solely for the reproduction of sound. It also applies to any accessories that are used with any of such equipment.

However, this exclusion does not apply to sound equipment that is permanently installed in a covered auto at the time of the accident in the opening normally used by the auto manufacturer for the installation of a radio or similar sound equipment. This exclusion also does not apply to any electronic equipment that is necessary for the normal operation of the covered auto or the monitoring of the covered auto's operating system.

**Intentional or expected loss or damage.** We won't cover loss or damage that you expected or intended. This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**Nuclear energy.** We won't cover loss that results from nuclear reaction, nuclear radiation, or radioactive contamination. This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**Racing or demolition contest.** We won't cover loss to any covered auto that results from the use of that auto in any organized racing or demolition contest or stunting activity. This exclusion also applies to any practice or preparation for such contest or activity.

**Tires.** We won't cover loss to tires by blowout, puncture, or other road damage unless accompanied by another covered cause of loss.

**Trailer interchange.** We won't cover loss or damage to any covered auto or it's equipment while someone else has possession of it under a written Trailer Interchange Agreement. This exclusion doesn't apply to a loss payee. However, if we pay the loss payee, you must reimburse us for our payment.

**War.** We won't cover loss or damage caused by:

- declared or undeclared war, or invasion;
- warlike action by a military force or other agents of any government, sovereign or other authority;
- civil war, insurrection, rebellion, revolution or seizure of power; or
- anything done to hinder or defend against these actions. This exclusion applies regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

**Wear, freezing, breakdowns.** We won't cover loss caused by normal wear and tear, freezing, or mechanical or electrical breakdown unless the loss results from a covered cause of loss.

### **Insurance For Your Benefit**

This insurance is for your benefit. No other party having possession of your auto, such as a transportation or storage company, can benefit directly or indirectly from this insurance.

### **Other Insurance**

This agreement is primary insurance for covered autos you own and excess insurance for covered autos you don't own. Excess insurance applies after other collectible insurance has been used up. If hired autos are covered by this agreement, they will be considered the same as covered autos you own. But this doesn't apply to autos that are hired along with a driver.

**Insurance provided by another insurer.** When loss covered by this agreement is also covered by insurance with another insurer on the same primary or excess basis, we'll pay our share of such loss. We'll pay that portion of the loss that's equal to our percentage of the total amount of insurance available. But we won't pay more than we would have paid without such other insurance.

**Insurance provided under another policy with us or any of our member insurance companies.** When this agreement and other insurance contained in a policy from us or another member insurance company of The St. Paul Group both apply to the same loss, the most we will pay is the highest amount available under any one policy. When the other insurance written by us or the member insurance company is intended to be excess over this agreement, this section does not apply.

**TECHNOLOGY  
UMBRELLA EXCESS LIABILITY PROTECTION  
COVERAGE SUMMARY**



This Coverage Summary shows the limits of coverage and deductible that apply to your Technology Umbrella Excess Liability Protection. It also lists those endorsements, if any, that must have certain information shown for them to apply.

Limits Of Coverage		Deductible
		\$10,000
General total limit.	\$5,000,000	(This deductible applies to each event or offense not covered by your Basic Insurance.)
Products and completed work total limit.	\$5,000,000	
Personal injury each person limit.	\$5,000,000	
Advertising injury each person limit.	\$5,000,000	
Each event limit.	\$5,000,000	

**Named Endorsement Table**

**Important Note:** Only endorsements that must have certain information shown for them to apply are named in this table. The required information follows the name of each such endorsement. Other endorsements may apply, too. If so, they're listed on the Policy Forms List.

<b>Name of Insured</b>	<b>Policy Number</b> ZLP-11R18933-12-I4	<b>Effective Date</b> 09/11/12
VENDINI, INC.	<b>Processing Date</b> 09/07/12	10:12 001

47273 Rev. 7-01

Coverage Summary

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**UMBRELLA EXCESS LIABILITY PROTECTION  
SCHEDULE OF BASIC INSURANCE**

This schedule describes your Basic Insurance.

**Important Note:** Basic Insurance means only the insurance described in this schedule for which limits of coverage amounts are shown.**Schedule of Basic Insurance****Commercial General Liability****Limits Of Coverage**

Insurer ST. PAUL FIRE AND MARINE INS. CO.

General total limit. \$2,000,000

Policy number ZLP-11R18933-12-I4

Products and completed work  
total limit. \$2,000,000

Policy period 09/11/2012 TO 09/11/2013

Personal injury  
each person limit. \$1,000,000Coverage is: ☐ claims-made  
☒ not claims-madeAdvertising injury  
each person limit. \$1,000,000

Each event limit. \$1,000,000

Premises damage limit. \$250,000

**Automobile Liability****Limits Of Coverage**

HIRED AND NON-OWNED ONLY

Bodily injury and property damage combined.  
Each accident

Insurer ST. PAUL FIRE AND MARINE INS. CO.

\$1,000,000

Policy number ZLP-11R18933-12-I4

Bodily injury.  
Each person Each accident  
\$ \$

Policy period 09/11/2012 TO 09/11/2013

Property damage  
Each accident  
\$**Employers Liability****Limits Of Coverage**

Insurer

Bodily injury by accident.  
Each accident  
\$

Policy number

Bodily injury by disease.  
Policy limit Each employee

Policy period

\$ \$

Name of Insured  
VENDINI, INC.

Policy Number ZLP-11R18933-12-I4

Effective Date 09/11/12

Processing Date 09/07/12 10:12 001

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Schedule of Basic Insurance

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## TECHNOLOGY UMBRELLA EXCESS LIABILITY PROTECTION

This insuring agreement provides excess liability protection for your business. There are, of course, limitations and exclusions throughout this agreement that apply to that protection. As a result, this agreement should be read carefully to determine the extent of the coverage provided to you and other protected persons.

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## What This Agreement Covers

### **What We'll Pay**

#### **Bodily injury and property damage liability.**

We'll pay amounts any protected person is legally required to pay as damages for covered bodily injury or property damage that:

- happens while this agreement is in effect; and
- is caused by an event.

*Protected person* means any person or organization that qualifies as a protected person under the Who Is Protected Under This Agreement section.

*Bodily injury* means any physical harm, including sickness or disease, to the physical health of other persons.

We'll consider any of the following that happens at any time to be part of such physical harm, sickness, or disease, if it results in or from such physical harm, sickness, or disease:

- Mental anguish, injury, or illness.
- Emotional distress.
- Care, loss of services, or death.

We'll consider any bodily injury that's a continuation, change, or resumption of previously known bodily injury to happen before this agreement begins if such continuation, change, or resumption would otherwise be covered by this agreement because of a continuous, multiple, or other coverage trigger required under the law that applies.

Of course, if there's a continuation, change, or resumption, after this agreement ends, of bodily injury that:

- isn't previously known bodily injury; and
- happens while this agreement is in effect; we'll consider such continuation, change, or resumption to also happen while this

agreement is in effect if that would be the result because of a continuous, multiple, or other coverage trigger required under the law that applies.

*Previously known bodily injury* means bodily injury that happened before this agreement begins and was known by you or any described individual protected person before this agreement begins as a result of any of the following at that time:

- You or any described individual protected person reporting all or part of that bodily injury to us or any other insurer.
- You or any described individual protected person receiving a claim or suit for all or part of that bodily injury.
- Any described individual protected person witnessing, or being told of, the beginning, or any change, continuation, or resumption, of all or part of that bodily injury.

*Described individual protected person* means any of the following:

- You or your spouse if you are an individual.
- Any of your partners or co-venturers that are individuals, or their spouses, if you are a partnership or joint venture.
- Any of your members or managers if you are a limited liability company.
- Any of your directors or executive officers if you are a corporation or other organization.
- Any of your employees who is or acts as your insurance or risk manager or holds a position in your insurance, risk management, or legal department.

*Property damage* means:

- physical damage to tangible property of others, including all resulting loss of use of that property; or
- loss of use of tangible property of others that isn't physically damaged. For example:

*One of your employees accidentally causes a fire in your premises. The fire department responds and orders nearby businesses to close for safety reasons while it fights the fire. Your premises is heavily damaged by the fire. But none of the nearby businesses are physically damaged. As a result, we'll consider the period of time those businesses are closed due to your fire to be loss of use of*

*tangible property of others that isn't physically damaged.*

We'll consider all physical damage to tangible property of others that's a continuation, change, or resumption of previously known physical damage to tangible property of others to happen before this agreement begins if such continuation, change, or resumption would otherwise be covered by this agreement because of a continuous, multiple, or other coverage trigger required under the law that applies.

Of course, if there's a continuation, change, or resumption, after this agreement ends, of physical damage to tangible property of others that:

- isn't previously known physical damage to tangible property of others; and
  - happens while this agreement is in effect;
- we'll consider such continuation, change, or resumption to also happen while this agreement is in effect if that would be the result because of a continuous, multiple, or other coverage trigger required under the law that applies.

We'll consider all loss of use of:

- damaged tangible property to happen at the time of the physical damage that caused it; and
- undamaged tangible property to happen at the time of the event which caused it.

*Tangible property* does not include data.

*Previously known physical damage to tangible property of others* means physical damage to tangible property of others that happened before this agreement begins and was known by you or any described individual protected person before this agreement begins as a result of any of the following at that time:

- You or any described individual protected person reporting all or part of that property damage to us or any other insurer.
- You or any described individual protected person receiving a claim or suit for all or part of that property damage.
- Any described individual protected person witnessing, or being told of, the beginning, or any change, continuation, or resumption, of all or part of that property damage.

*Event* means an accident, including continuous or repeated exposure to

substantially the same general harmful conditions.

We explain the terms:

- claim and suit in the Right and duty to defend a protected person section;
- executive officer and other organization in the Corporation or other organization section; and
- employee in the Employees section.

**Personal injury liability.** We'll pay amounts any protected person is legally required to pay as damages for covered personal injury that:

- results from your business activities; and
- is caused by a personal injury offense committed while this agreement is in effect.

*Personal injury* means injury, other than bodily injury or advertising injury, that's caused by a personal injury offense.

*Personal injury offense* means any of the following offenses:

- False arrest, detention, or imprisonment.
- Malicious prosecution.
- Wrongful entry into, or wrongful eviction from, a room, dwelling, or premises that a person occupies, if such entry or eviction is committed by or for the landlord, lessor, or owner of that room, dwelling, or premises.
- Invasion of the right of private occupancy of a room, dwelling, or premises that a person occupies, if such invasion is committed by or for the landlord, lessor, or owner of that room, dwelling, or premises.
- Libel, or slander, in or with covered material.
- Making known to any person or organization covered material that disparages the business, premises, products, services, work, or completed work of others.
- Making known to any person or organization covered material that violates a person's right of privacy.

*Covered material* means any material in any form of expression, including material made known in or with any electronic means of communication, such as the Internet.

**Advertising injury liability.** We'll pay amounts any protected person is legally required to pay as damages for covered advertising injury that:

- results from the advertising of your products, your work, or your completed work; and
- is caused by an advertising injury offense committed while this agreement is in effect.

We won't consider advertising, borders, or frames for or of others, or links for or to others, that are on or in your website to be advertising of your products, your work, or your completed work.

**Advertising injury** means injury, other than bodily injury or personal injury, that's caused by an advertising injury offense.

**Advertising injury offense** means any of the following offenses:

- Libel, or slander, in or with covered material.
- Making known to any person or organization covered material that disparages the business, premises, products, services, work, or completed work of others.
- Making known to any person or organization covered material that violates a person's right of privacy.
- Unauthorized use of any advertising material, or any slogan or title, of others in your advertising.

**Advertising** means attracting the attention of others by any means for the purpose of:

- seeking customers or supporters; or
- increasing sales or business.

**Advertising material** means any material that:

- is subject to copyright law; and
- others use and intend to attract attention in their advertising.

**Slogan** means a phrase that others use and intend to attract attention in their advertising.

But we won't consider slogan to include a phrase used as, or in, the name of:

- any person or organization, other than you; or

- any business, or any of the premises, products, services, work, or completed work, of any person or organization, other than you.

**Title** means a name of a literary or artistic work.

We explain the terms:

- covered material in the Personal injury liability section; and
- your products, your work, and your completed work in the Products and completed work total limit section.

#### **Coverage When Your Basic Insurance Applies**

**Coverage above Basic Insurance limits other than total limits.** We'll pay damages that:

- are covered by this agreement;
- are covered by your Basic Insurance; and
- exceed your Basic Insurer's payment of the limits of coverage in your Basic Insurance, other than your total limits.

But we'll pay covered damages only up to the limits of coverage that apply under this agreement. For example:

*You are the owner of a store. A customer slips and falls in your store and suffers serious injury. The customer then sues you and the court awards him \$1,250,000 in damages.*

*Your basic liability insurance has a limit of \$1,000,000 and the limit of coverage under this agreement is \$1,000,000. After your Basic Insurer has paid its \$1,000,000 coverage limit, we'll pay \$250,000 because:*

- *that's the amount by which the damages exceed the limit of your Basic Insurance; and*
- *it's less than the limit under this agreement.*

**Your Basic Insurance** means only the Basic Insurance described in the Schedule Of Basic Insurance for which limits of coverage amounts are shown in that schedule.

**Your Basic Insurer** means the insurance company that provides your Basic Insurance.

**Total limits** may also be called aggregate or policy limits in your Basic Insurance.

**Coverage above reduced or exhausted Basic Insurance total limits.** We'll pay damages above reduced total limits in your Basic Insurance. But only if they've been reduced solely by your Basic Insurer's payment of:

- damages that would be covered by this agreement; or
- medical expenses that result from bodily injury caused by an event that happens while this agreement is in effect.

If any of your Basic Insurance total limits are used up because your Basic Insurer paid the damages or medical expenses described above, this agreement will then replace your Basic Insurance for damages covered by this agreement.

However, if any of your Basic Insurance total limits are reduced or used up because your Basic Insurer paid:

- damages that wouldn't be covered by this agreement; or
- medical expenses that result from bodily injury caused by an event that doesn't happen while this agreement is in effect; we'll continue to apply this agreement only to damages that:
- are covered by this agreement; and
- exceed your Basic Insurance limits of coverage shown in the Schedule Of Basic Insurance.

For example:

*Your Basic Insurance begins on January 1 and has a \$1,000,000 total limit. This agreement begins on May 1 and has a \$1,000,000 each event and general total limit.*

*On April 1 a visitor sustains a serious back injury due to a condition on your premises. The visitor sues you and is awarded \$250,000 in damages by the court. Your Basic Insurer pays that amount. As a result, your remaining Basic Insurance total limit is reduced to \$750,000.*

*On October 1 your elevator malfunctions and causes serious injury to several visitors. They sue you and are awarded \$1,250,000 in damages by the court. Your Basic Insurer pays its remaining \$750,000 total limit. You would then be responsible for paying the next \$250,000 of damages before we would pay the remaining \$250,000.*

*Your share of the damages happens because the back injury happened before the May 1 effective date of this agreement. Therefore, it is not covered by this agreement and would not meet the requirements of this agreement with respect to coverage above reduced total limits.*

**Medical expenses** means the reasonable expenses incurred by any person or organization for necessary medical services received by a person anytime within three years of the beginning date of an event that causes that person to sustain bodily injury.

**Medical services** includes:

- first aid received at the time of an event;
- ambulance and emergency care services;
- dental, hospital, medical, nursing, surgical, x-ray, and other health care professional services;
- artificial limbs and organs; and
- funeral services.

**Offense** means any:

- personal injury offense; or
- advertising injury offense.

We explain the term health care professional services in the Employees section.

#### **Coverage When Your Basic Insurance Doesn't Apply**

We'll pay amounts any protected person is legally required to pay as damages for injury or damage that:

- is covered by this agreement; and
- is not covered by your Basic Insurance.

However, we'll pay only those amounts that are excess of the deductible shown in the Coverage Summary or the amounts payable by other insurance, whichever is greater. We'll then pay the remaining damages up to the limit of coverage that applies under this agreement.

**Injury or damage** means bodily injury, personal injury, advertising injury, or property damage.

**Other insurance** means valid and collectible insurance that:

- isn't your Basic Insurance; and



- isn't specifically purchased to be excess of this agreement.

Other insurance includes alternative risk transfer, risk management, or financing methods or programs, such as risk retention groups or self-insurance methods or programs.

#### **Right And Duty To Defend A Protected Person**

We have no duty to defend any protected person against a claim or suit if your Basic Insurance, or any other insurance, has a duty to defend that protected person. However, we'll have the right to associate in the defense and control of any claim or suit that's reasonably likely to involve the coverage provided by this agreement.

We'll assume the duty to defend a protected person against a claim or suit for injury or damage covered by this agreement. But only if:

- your Basic Insurer paid its limit of coverage for the event or offense that caused the claim or suit;
- your Basic Insurer paid its total limit of coverage as described in the Coverage above reduced or exhausted Basic Insurance total limits section; or
- your Basic Insurance, or any other insurance, doesn't cover the injury or damage.

We'll assume that duty even if all of the allegations of the claim or suit are groundless, false, or fraudulent. But we won't have a duty to perform any other act or service.

We'll have the right to investigate any event, offense, claim, or suit to the extent we believe is proper. We'll also have the right to settle any claim or suit for amounts within:

- the applicable deductible; or
- the available limits of coverage for this agreement.

Our duty to defend ends when we have used up the limits of coverage that apply with the payment of damages.

If the laws or rules of a country or jurisdiction prohibit us from fulfilling our duty to defend a protected person, the protected person will be responsible for providing that defense. We'll repay that

protected person for the expenses incurred to provide such defense, subject to the limitations of coverage in the Additional Payments section.

*Claim* means a demand that seeks damages.

*Suit* means a civil proceeding that seeks damages. It includes:

- an arbitration proceeding for damages to which the protected person must submit, or submits with our consent; and
- any other alternative dispute resolution proceeding for damages to which the protected person submits with our consent.

#### **Right To Appeal A Judgment Against A Protected Person**

We'll have the right to appeal a judgment that we don't have a duty to appeal. But only if the judgment:

- includes damages for injury or damage covered by this agreement;
- is awarded in a suit against a protected person;
- is for more than the amount of your deductible or the limits of coverage under your Basic Insurance, whichever applies; and
- isn't appealed by the protected person and your Basic Insurer.

If we appeal such a judgment, we'll pay the following that result directly from that appeal:

- All expenses we incur.
- All reasonable expenses that any protected person incurs at our request while helping us with the appeal, other than the cost of appeal bonds.
- The cost of any required appeal bond. But only for that part of the judgment that is for damages covered by this agreement and is within the available limit of coverage. However, we'll pay, or reimburse the protected person, for the cost of a higher appeal bond amount if we're required to do so under the law that applies. But we won't be the principal under any such bond. Nor do we have to furnish any appeal bond.
- All postjudgment interest that accumulates on the full amount of the judgment. But only from the date of the judgment to the date we pay, or deposit in court, the limit of coverage that applies to the judgment.



These payments are in addition to the limits of coverage. However, the results of an appeal won't change the limits of coverage that apply under this agreement.

#### **Additional Payments**

We'll have the duty to make only the additional payments shown below in connection with any claim or suit under this agreement against a protected person when we:

- investigate or settle the claim or suit;
- defend the protected person against the claim or suit; or
- pay our part of a judgment.

But we'll do so only to the extent that these payments are not covered by your Basic Insurance or any other insurance.

If the laws or rules of a country or jurisdiction prohibit us from providing any of these additional payments, we'll repay the protected person for any such amounts that protected person incurred with our consent.

These payments are in addition to the limits of coverage.

Our duty to make such payments ends when we have used up the limits of coverage that apply with the payment of damages.

*Our expenses.* We'll pay all expenses we incur.

*Bail bonds.* We'll pay up to \$2,500 of the cost of bail bonds that are required because of accidents or violations of traffic laws. But only if the accidents or violations result from the use of a vehicle to which this agreement applies. We don't have to furnish such bonds.

*Bonds to release property.* We'll pay the cost of bonds to release property that's being used to secure a legal obligation. But only for bond amounts within the available limit of coverage. We don't have to furnish such bonds.

*Expenses incurred by protected persons.* We'll pay all reasonable expenses that any protected person incurs at our request while helping us investigate or settle, or defend a protected person against, a claim or suit. But we won't pay more than \$500 per day for earnings actually lost by the protected

person because of time taken off from work.

*Taxed costs.* We'll pay all costs taxed against any protected person for covered injury or damage in a suit.

*Prejudgment interest.* We'll pay the interest that accumulates before a judgment and is awarded against the protected person on that part of a judgment we pay. But if we make a settlement offer to pay the available limit of coverage, we won't pay the prejudgment interest that accumulates after the date of our offer.

*Postjudgment interest.* We'll pay all interest that accumulates on the full amount of that part of a judgment for which we make a payment. But only from the date of the judgment to the date we pay, or deposit in court, the limit of coverage that applies to the judgment.

*Appeal bonds.* If we have the duty to appeal a judgment that includes damages covered by this agreement, and you agree we can appeal that judgment, we'll pay the cost of any appeal bond required for that appeal. But only for that part of the judgment that is for damages covered by this agreement and is within the available limit of coverage. However, we'll pay, or reimburse the protected person, for the cost of a higher appeal bond amount if we're required to do so under the law that applies. But we won't be the principal under any such bond. Nor do we have to furnish any appeal bond. The results of an appeal won't change the limits of coverage that apply under this agreement.

#### **When This Agreement Covers**

We'll apply this agreement to claims or suits for covered injury or damage whenever they're made or brought.

#### **Where This Agreement Covers**

We'll apply, and make payments under, this agreement for covered injury or damage that's caused by events that happen, or offenses that are committed, anywhere.

However, we won't apply, or make payments under, this agreement for injury or damage that's caused by events that happen, or offenses that are committed, in a country or

jurisdiction while any embargo, trade sanction, or similar regulation imposed by the United States of America applies to, and prohibits the transaction of business with or within, that country or jurisdiction.

### **Who Is Protected Under This Agreement**

#### **Who Is Protected For Claims Or Suits Not Related To Autos**

This section describes who is protected for claims or suits for covered injury or damage that doesn't result from the use of an auto. We explain who is protected for auto-related claims and suits in the Who Is Protected For Auto-Related Claims Or Suits section.

**Individual.** If you are shown in the Introduction as a named insured and an individual, you and your spouse are protected persons only for the conduct of a business of which you are the sole owner.

**Partnership or joint venture.** If you are shown in the Introduction as a named insured and a partnership or a joint venture, you are a protected person. Your partners or co-venturers, and their spouses, are protected persons only for the conduct of your business.

**Limited liability company.** If you are shown in the Introduction as a named insured and a limited liability company, you are a protected person. Your members are protected persons only for the conduct of your business. And your managers are protected persons only for their duties as your managers.

**Corporation or other organization.** If you are shown in the Introduction as a named insured and a corporation or an other organization, you are a protected person. Your directors and executive officers are protected persons only for the conduct of their duties as your directors or executive officers. And your stockholders are protected persons only for their liability as your stockholders.

**Other organization** means an organization other than a corporation, partnership, joint venture, or limited liability company.

**Executive officer** means any person holding an officer position created by the charter, constitution, or by-laws, or any other similar

governing document, of a corporation or other organization.

**Employees.** Your employees are protected persons only for:

- work done within the scope of their employment by you; or
- their performance of duties related to the conduct of your business.

However, no employee is a protected person for bodily injury or personal injury that results from their performance of or failure to perform health care professional services. But we won't apply this exclusion to bodily injury that results from the providing of or failure to provide first aid by an employee, other than an employed doctor.

Also, no employee is a protected person for property damage to property that's owned, rented, leased, or borrowed by that employee or any fellow employee.

We won't apply this Employees section to the following protected persons:

- Your managers if you are a limited liability company. Instead, we'll apply the Limited liability company section to them.
- Your executive officers if you are a corporation or an other organization. Instead, we'll apply the Corporation or other organization section to them.

**Employee** includes a leased worker, other than a leased temporary worker.

**Leased worker** means any person who:

- is hired from an employee leasing firm under a contract or agreement between the hirer and that firm; and
- is performing duties related to the conduct of the hirer's business.

**Employee leasing firm** means any person or organization who hires out workers to others. It includes any:

- employment agency, contractor, or service;
- labor leasing firm; or
- temporary help service.

**Leased temporary worker** means a leased worker who is hired to:

- temporarily take the place of a permanent employee on leave; or
- meet seasonal or short-term workload conditions.

*Health care professional services* includes:

- any dental, medical, mental, nursing, surgical, x-ray, or other health care professional service, including any advice, instruction, food, or beverage provided with such service;
- the dispensing of drugs or medical or dental supplies and appliances; and
- the handling or treatment of corpses, including autopsies, organ donations, and other postmortem procedures.

**Real estate managers.** Your real estate managers are protected persons only for their management of premises that you rent, lease, or borrow from others, or own. They may be persons or organizations.

But we won't apply this Real estate managers section to your employees. Instead, we'll apply the Employees section to them.

**Operators of registered mobile equipment.** All operators of registered mobile equipment are protected persons for covered bodily injury or property damage that results from their driving of such equipment on a public street or road with your permission.

Any person or organization legally responsible for the driving conduct of those operators is also a protected person for such bodily injury or property damage. But only if there's no other insurance available to cover its liability for the operators.

However, no operator or any other person or organization is a protected person for:

- bodily injury to a fellow employee of the person driving the equipment; or
- property damage to property controlled by you or the employer of an operator who is a protected person.

*Registered mobile equipment* means mobile equipment that's registered in your name under any motor vehicle registration law.

*Controlled by* means:

- owned, rented, leased, occupied, borrowed, or used by;
- in the care, custody, or control of; or
- being physically controlled for any purpose by.

We explain the term mobile equipment in the Racing mobile equipment exclusion.

**Newly acquired or formed organizations.** Any organization that you acquire or form while this agreement is in effect that isn't a partnership, joint venture, or limited liability company is a protected person if you own more than 50% of it.

However, no newly acquired or formed organization is a protected person for:

- more than the remainder of the time this agreement is in effect, beginning with the date that you acquire or form it;
- bodily injury or property damage that happened before you acquired or formed it;
- personal injury or advertising injury that's caused by an offense committed before you acquired or formed it; or
- injury or damage that's covered by other similar excess liability insurance, other than insurance specifically written to be excess over this agreement.

*Own more than 50% of* means own more than 50% of the outstanding voting securities representing the present right to vote for the election of directors of the organization.

**Other protected persons under your Basic Insurance.** Any other person or organization that's a protected person under your Basic Insurance is also a protected person under this agreement. But the protection under this agreement for each such person or organization is limited to the type and scope of coverage provided by your Basic Insurance.

If any such person or organization is included as a protected person under your Basic Insurance because:

- a written contract has been made with you before the bodily injury or property damage happens or the offense is committed; and
- that contract requires you to provide liability insurance on behalf of that person or organization;

we'll consider that person or organization to be a protected person under this agreement. But only to the extent that the limits of coverage required by the contract exceed your Basic Insurance limits of coverage, subject to the limits of coverage for this agreement.

**Who Is Protected For Auto-Related Claims Or Suits**

Any person or organization that's a protected person under your automobile Basic Insurance for the use of an auto is a protected person under this agreement for claims or suits for covered bodily injury or property damage that results from the use of the auto.

*Auto* means any land motor vehicle, trailer, or semitrailer that's designed for travel on public streets or roads.

We'll consider any machinery or equipment that's permanently attached to an auto to be part of the auto.

But we won't consider mobile equipment to be an auto.

We explain the term mobile equipment in the Racing mobile equipment exclusion.

**Separation Of Protected Persons**

We'll apply this agreement separately to each protected person.

However, all protected persons share the limits of coverage shown in the Coverage Summary. We explain how in the Limits Of Coverage section.

Also, any right or duty specifically assigned to the first named insured remains unchanged. We explain those rights and duties in the General Rules, which is a part of your policy.

**Limits Of Coverage**

The limits of coverage shown in the Coverage Summary and the information contained in this section fix the most we'll pay as damages, regardless of the number of:

- protected persons;
- claims made or suits brought; or
- persons or organizations making claims or bringing suits.

**General total limit.** This is the most we'll pay for the combined total of:

- all covered bodily injury and property damage that happens in a policy year;

- all covered personal injury that's caused by all personal injury offenses committed in a policy year; and
- all covered advertising injury that's caused by all advertising injury offenses committed in a policy year.

However, we won't apply this limit to auto-related bodily injury or property damage covered by this agreement, other than auto-related bodily injury or property damage covered by your commercial general liability Basic Insurance.

Nor will we apply this limit to bodily injury or property damage that results from your products or your completed work. Instead, we'll apply the products and completed work total limit to such bodily injury or property damage covered by this agreement.

*Policy year* means the policy period shown in the Introduction, or the period of time that this agreement is in effect, whichever period is shorter. But when that period is longer than one year, policy year means each of the following periods of time that this agreement is in effect, starting with the beginning date of this agreement:

- Each consecutive one-year period.
- Any period that remains after the last consecutive one-year period.

However, if the original policy period shown in the Introduction is extended for a period of less than one year, we'll consider each such extended period to be part of the last policy year, regardless of the number of extensions provided.

For example:

*Your original policy period is two years and nine months long. As a result, it has three policy years, each one separate from the other. The first is the first one-year period. The second is the next one-year period. And the third is the remaining nine-month period.*

*During the third policy year you request, and we provide, two separate extensions of the policy period: a three-month extension, and then a four-month extension. As a result, the third policy year becomes sixteen months long and is still subject to the same limits of coverage that applies when it was nine months long.*

We explain the products and completed work total limit, and the terms your products and your completed work, in the Products and completed work total limit section.

**Products and completed work total limit.** This is the most we'll pay for all covered bodily injury and property damage that:

- results from your products and your completed work; and
- happens in a policy year.

*Your products* means any of the goods or products that are or were manufactured, sold, handled, distributed, or disposed of by:

- you;
- others using your name; or
- any person or organization whose business or assets you've acquired.

Your products includes:

- all containers, equipment, materials, or parts provided with or for your products;
- any warranty provided with or for your products;
- any statement made, or that should have been made, about the durability, fitness, handling, maintenance, operation, performance, quality, safety, or use of your products; and
- all warnings, instructions, or directions provided, or that should have been provided, with or for your products.

Also, your products includes any of your medical products or your biotechnology products that:

- are being tested in any clinical trial;
- you've rented or leased to others; or
- you haven't sold, but which you allow others to use.

But we won't consider the following to be your products:

- Goods or products that are still in your physical possession or on a premises that you rent, lease, or borrow from others, or own.
- Real property.
- Containers that are vehicles provided with or for your products.
- Property, other than your medical products or your biotechnology products, that's rented or leased to others.
- Property, other than your medical products or your biotechnology products, that you

haven't sold, but which you allow others to use. For example, a vending machine.

*Your medical products* means any of your products that are used or are intended for use in:

- Health care; or
- The providing of health care professional services.

*Your biotechnology products* means any of your products used, or intended to be used as, or in the development of, in vitro or in vivo diagnostic substances or other biological substances.

*Clinical trial* means any organized study or test that uses human or animal subjects to develop effectiveness and safety data for your medical products or your biotechnology products.

*Your completed work* means your work that:

- is completed, including work that may need service, maintenance, correction, repair, or replacement, but which is otherwise complete; or
- has been abandoned by you.

We'll consider your work to be completed at the earliest of the following times:

- When all of the work called for in your contract has been completed.
- When all of the work to be done at the work site has been completed, if your contract calls for work at more than one site.
- When that part of the work at the work site has been put to its intended use by any person or organization, other than another contractor or subcontractor working on the same project.

Your completed work includes:

- any warranty provided with or for your completed work;
- any statement made, or that should have been made, about the durability, fitness, handling, maintenance, operation, performance, quality, safety, or use of your completed work; and
- all warnings, instructions, or directions provided, or that should have been provided, with or for your completed work.



But we won't consider the following to be your completed work:

- Uninstalled equipment, abandoned or unused materials or parts, or tools.
- Work done in connection with transporting property.
- Any premises or other real property that you own.
- Any work done to a premises or other real property that you rent or lease from others, or own.
- Any work while on a premises that you rent, lease, or borrow from others, or own.

However, we'll consider a condition created in or on a vehicle in the course of work done in connection with transporting property to be your completed work if:

- the vehicle isn't owned or operated by you;
- the condition is created by the loading or unloading of the vehicle by a protected person; and
- the condition causes bodily injury or property damage.

*Your work* means any:

- work that you're performing or others are performing for you; or
- service that you're providing or others are providing for you.

Your work includes:

- all equipment, materials, parts, or tools being provided or used with or for your work;
- any statement being made, or that should have been made, about the durability, fitness, handling, maintenance, operation, performance, quality, safety, or use of your work; and
- all warnings, instructions, or directions being provided, or that should have been provided, with or for your work.

We explain the term loading or unloading in the Aircraft exclusion.

**Personal injury each person limit.** This is the most we'll pay for all covered personal injury that:

- is sustained by any one person or organization; and
- is caused by all personal injury offenses committed in a policy year.

**Advertising injury each person limit.** This is the most we'll pay for all covered advertising injury that:

- is sustained by any one person or organization; and
- is caused by all advertising injury offenses committed in a policy year.

**Each event limit.** This is the most we'll pay for all covered bodily injury and property damage that results from any one event.

**How the limits of coverage apply if a total limit is left blank.** If the amount of the general total limit or the products and completed work total limit is left blank in the Coverage Summary, we'll consider that total limit to be the same as the each event limit.

### Deductible

When injury or damage covered by this agreement is not covered by your Basic Insurance, the deductible shown in the Coverage Summary applies. However, when such injury or damage is covered by other insurance, the amount of the deductible is reduced by the amount payable by such other insurance. You will be responsible for paying up to the applicable deductible amount for each of the following:

- All covered bodily injury and property damage that results from any one event.
- All covered personal injury that is sustained by any one person or organization and is caused by all personal injury offenses committed in a policy year.
- All covered advertising injury that is sustained by any one person or organization and is caused by all advertising injury offenses committed in a policy year.

We may pay all or part of the deductible for you. If we do, you agree to repay that amount to us promptly after we notify you of the payment.

### Exclusions - What This Agreement Won't Cover

**Advertising, broadcasting, or publishing business.** We won't cover personal injury that results from any of the following personal injury offenses committed by or for any protected person whose business is advertising, broadcasting, or publishing, if such offense

is committed in any advertising, broadcasting, or publishing done by or for that protected person:

- Libel, or slander, in or with covered material.
- Making known to any person or organization covered material that disparages the business, premises, products, services, work, or completed work of others.
- Making known to any person or organization covered material that violates a person's right of privacy.

Nor will we cover advertising injury that results from an offense committed by or for any protected person whose business is advertising, broadcasting, or publishing.

We won't consider the placement of advertising, borders, or frames for or of others, or links for or to others, on or in a protected person's website, by itself, to mean that protected person's business is advertising.

But we won't apply this exclusion to personal injury or advertising injury covered by your Basic Insurance.

We explain the terms your products, your work, and your completed work in the Products and completed work total limit section.

**Aircraft.** We won't cover bodily injury or property damage that results from the:

- ownership, maintenance, use, or operation;
  - loading or unloading;
  - entrustment to others; or
  - supervision of others in or for the maintenance, use, operation, loading or unloading, or entrustment to others;
- of any aircraft owned, operated, rented, leased, or borrowed by any protected person.

But we won't apply this exclusion to bodily injury or property damage covered by your Basic Insurance.

*Loading or unloading* means the handling of property:

- while it's being moved from the place where it's accepted for transportation;
- while it's being loaded, transported, and unloaded; and

- until it's moved to the place where it's finally delivered.

But we won't consider moving property by an unattached mechanical device to be loading or unloading.

*Unattached mechanical device* includes any forklift, conveyor, or other unattached mechanical device, other than a hand truck.

*Entrustment to others* means:

- the permitting of others to use or do something; or
- the giving of something to others for safekeeping.

*Supervision of others* means:

- the directing, managing, or supervising of a worker, including his or her employment, hiring, evaluation, training, or work; or
- the directing, monitoring, safekeeping, or supervising of any other person or organization for any reason.

**Breach of contract.** We won't cover advertising injury that results from the failure of any protected person to do what is required by a contract or agreement.

**Contract liability.** We won't cover injury or damage for which the protected person has assumed liability under any contract or agreement.

But we won't apply this exclusion to injury or damage for which the protected person would have liability without the contract or agreement.

Nor will we apply this exclusion to the liability of another to pay damages if:

- you've assumed such liability under a contract or agreement; and
- such damages are covered by your Basic Insurance.

Also, we'll assume the duty to defend an indemnitee against a claim or suit for injury or damage covered by this agreement. But only when your Basic Insurer has the duty to defend that indemnitee and that duty ends because your Basic Insurer has paid:

- its limit of coverage for the event or offense that caused the claim or suit; or
- its total limit of coverage as described in the Coverage above reduced or exhausted Basic Insurance total limits section.

Our duty to defend an indemnitee ends when we have used up the limits of coverage that apply with the payment of damages.

Any other terms and conditions of your Basic Insurance that:

- apply to the duty to defend an indemnitee;
- apply to the right to appeal a judgment awarded in a suit against an indemnitee; or
- consider indemnitee defense expenses assumed under contract to be damages; also apply to this agreement.

*Indemnitee* means any person or organization that you have agreed under a contract or agreement to indemnify or hold harmless.

**Control of property.** We won't cover property damage to the following property:

- Property owned by you, any of your partners or co-venturers if you are a partnership or joint venture, or any of your members or managers if you are a limited liability company.
- Property owned by your subsidiary or parent organization, or any other organization that you, your subsidiary, or parent organization own more than 50% of.
- Aircraft or watercraft owned, rented, leased, borrowed, or used by, or in the care, custody, or control of, any protected person.
- Other property rented, leased, occupied, borrowed, or used by, or in the care, custody, or control of, any protected person. But we'll apply this exclusion part only to the extent that a protected person is required by contract to insure against damage to that property.

We explain what we mean by own more than 50% of in the Newly acquired or formed organizations section.

**Damage to your products or completed work.**

We won't cover property damage to any of your products that's caused by your products themselves or by any of their parts. For example:

*You manufacture x-ray machines. They contain several moving parts which can break down for many reasons. Regardless of the cause, we won't protect you for any property damage to the part that fails or to the rest of the x-ray machine.*

Nor will we cover property damage to your completed work that's caused by your completed work itself or by any of its parts. But we won't apply this exclusion part to such property damage if:

- this agreement provides completed work liability coverage;
- your completed work that's damaged, or your completed work that causes the property damage, was done for you by others; and
- that damage is covered by your Basic Insurance.

We explain the terms your products and your completed work in the Products and completed work total limit section.

**Deliberately breaking the law.** We won't cover personal injury or advertising injury that results from:

- the protected person knowingly breaking any criminal law; or
- any person or organization breaking any criminal law with the consent or knowledge of the protected person.

**Employers liability.** We won't cover bodily injury to an employee of the protected person arising out of and in the course of his or her:

- employment by the protected person; or
- performance of duties related to the conduct of the protected person's business.

Nor will we cover bodily injury to the spouse, or any child, parent, brother, or sister, of that employee if such bodily injury results from the bodily injury to such employee.

We'll apply this exclusion whether the protected person may be held liable as an employer or in any other capacity, such as a property owner or product manufacturer. For example:

*You manufacture laser systems. Your employee is injured while testing your product. That employee later receives workers compensation benefits. If the employee later sues you in your capacity as a manufacturer, alleging that the employee's injury happened because your product was defective, we won't protect you.*